



PREPROPOSAL STATEMENT OF INQUIRY

CR-101 (June 2004)

(Implements RCW 34.05.310)
Do NOT use for expedited rule making

Agency: Department of Revenue

Subject of possible rule making:

WAC 458-20-216 (Successors, quitting business)

Statutes authorizing the agency to adopt rules on this subject:

RCW 82.32.300 and 82.01.060(2)

Reasons why rules on this subject may be needed and what they might accomplish:

RCW 82.32.140 requires a taxpayer to remit any outstanding tax liability to the department of revenue within ten days of quitting business. If this tax is not paid by the taxpayer, any successor to the taxpayer becomes liable for the outstanding tax. This rule explains under what circumstances a person is considered a successor to a person quitting business. It explains the successor's responsibility for payment of an outstanding tax liability owed by the person taxpayer quitting business, whether that liability is known at the time of purchase or not. This rule also provides examples illustrating when successorship does or does not apply.

The Department is considering a revision to this rule to incorporate provisions of chapter 13, Laws of 2003 1st sp. sess. These provisions changed revised RCW 82.04.180 and 82.32.140 to change the conditions under which a person becomes a successor. They also provide that if the fair market value of assets acquired by a successor is less than \$50,000, the successor's liability for payment of the taxpayer's unpaid tax is limited to the fair market value of the acquired assets.

Identify other federal and state agencies that regulate this subject and the process coordinating the rule with these agencies:

None.

Process for developing new rule (check all that apply):

☐ Negotiated rule making

☐ Pilot rule making

☐ Agency study

☒ Other (describe) Modified negotiated rule making

How interested parties can participate in the decision to adopt the new rule and formulation of the proposed rule before publication:

Written comments may be submitted by mail, fax, or at the public meeting. Oral comments will be accepted at the public meeting. A preliminary draft of the proposed changes is available upon request. Written comments on and/or requests for copies of the rule may be directed to: Allan C. Lau, Interpretations and Technical Advice Unit, P. O. Box 47453, Olympia, WA 98504-47453; phone: (360) 570-6134; FAX (360) 586-5543.

Public meeting location:

Capitol Plaza Building
4th Floor - Large Conference Room
1025 Union Avenue SE
Olympia, Washington

Date: January 19, 2005 **Time:** 1:30pm

Assistance for persons with disabilities: Contact Sandy Davis no later than 10 days before the hearing date TTY 1-800-451-7985 or (360) 725-7499.

Date

Name (type or print)

Alan R. Lynn

Signature

Title

Rules Coordinator

CODE REVISER USE ONLY

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WSR: 04-24-100

The above information was input by DOR.